

COUNTY OF SAN DIEGO, CALIFORNIA
BOARD OF SUPERVISORS POLICY

Subject

Outside Auditor: Length of Contract

**Policy
Number**

A-90

Page

1 of 1

Purpose

To direct staff as to the length of contracts for outside auditor services.

Background

In the past, the County contracted with a single firm to serve as the outside auditor for annual financial statements audits, special audits and studies as required. In the private sector the practice is to retain an auditing firm for an indefinite contract term; the practice in local government agencies has been to limit the length of the contract term.

Because of the size and complexity of San Diego County accounting, control and reporting systems, it takes an auditing firm at least two years to become knowledgeable. During the initial contract period, a new contractor generally spends substantial time learning the system and some of these costs are absorbed by the private firm. If the length of the contract is too short it may result in less interest in bidding and/or higher costs.

Therefore, a balance is needed between the minimum time to acquire a knowledge of the County system and the maximum length of time one firm should serve as outside auditor.

Policy

It is the policy of the Board of Supervisors that: The maximum length of a contract for the outside firm performing annual financial statements and related audits is five years. A firm completing the contract for such services may be eligible for consideration during the selection process for one additional contract period. However, under no circumstance shall a contractor provide these services to the County for a period greater than ten (10) consecutive years.

Sunset Date

This policy will be reviewed for continuance by 12-31-01.

Previous Board Action

9-15-81 (38)

10-18-88 (48)

4-4-95 (28)

CAO Reference

1. Chief Administrative Office

2. County Counsel

Auditor/Controller